

# differentiation by design\*

NACUSO Annual Conference

Las Vegas, Nevada

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**filene**  
RESEARCH INSTITUTE

# First Things, First

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aby](http://www.fileline.org/free/vegasb<br/>aby)



**\$250M Credit Union with 11.5% Capital = \$28.75M in Capital**

<b>If Drop CapRatio To</b>	<b>Then Draw Down Capital By:</b>	
11%	\$	1,250,000
10%	\$	3,750,000
9%	\$	6,250,000
8%	\$	8,750,000
7%	\$	11,250,000

“The essence of strategy is choosing what not to do.”

- Michael Porter

What do each of the  
organizations:

a) NOT DO

b) DO





**MOTOR**

**HARLEY-DAVIDSON**

**CYCLES**



wii™



A M E R I C A ' S  
C R E D I T U N I O N S <sup>TM</sup>

*Where **people** are worth more than money.™*

# The Love it or Hate it Paradox



# The Love it or Hate it Paradox





Oldsmobile



Oldsmobile

# Competition



W HOT

THE WINTER SAVE UP SALE!

Open an **ORANGE SAVINGS ACCOUNT** today and earn **4.75% APY** on new deposits through April 15th.

**ING DIRECT**  
Save Your Money  
Member FDIC

LEARN MORE



THE HILTON S

**5.05%**

**American Dream Savings Account**  
More Money For Your Money™

ANNUAL PERCENTAGE YIELD

## REVIVE EXPERIENCE

The Revive Collection is leading the way as we create a bright spot and invite you to enjoy it. For work; for play; for whatever is most important to you.

You will find the Revive Collection at all Marriott Hotels and Resorts. And now you can also enjoy it at home.




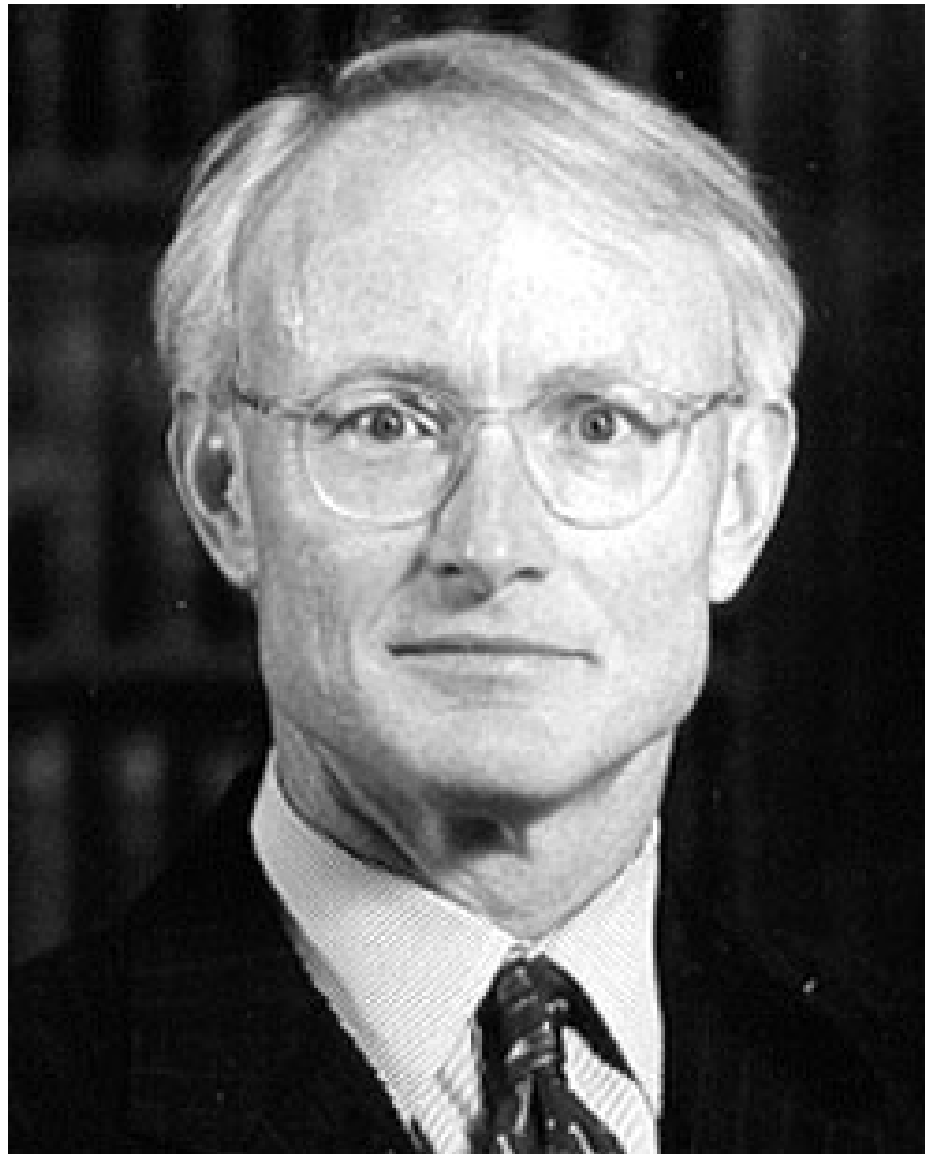
Top-of-the-Market-Rates  
**5.25% APY**

The **edge** Savings Account

**5.05% APY\***

**HSBC Direct.**  
ONLINE SAVINGS ACCOUNT





**Harvard Business School  
Professor Michael Porter**



**“Most financial institutions don’t have a clear strategy. The banking industry is basically riddled with ‘me-too competition’. That works fine when tides are rising but not forever. Financial institutions have been protected a lot by inertia and stickiness on the customer side. But the pressure will grow as the era of consolidation and restructuring abates. We’re entering a period of strategic repositioning. Increasingly financial institutions will have to be able to deliver something distinctive to their customers. Very few financial institutions have the courage to have a**



Are credit unions 'me-too'  
players, baby ?

What is distinctive about  
credit unions ?

What is your clarity of  
purpose ?

# A Simple Strategic Tool

<b>Eliminate</b>	<b>Reduce</b>
<b>Raise</b>	<b>Create</b>

# Collaboration Efforts

- What credit union collaboration models might emerge in the coming 3, 5 or 10 years?
  - Imagine:
    - De novo franchise model
    - Elaborate networks or alliances
    - CU holding company models
    - Alliances with organizations outside of the CU industry



**Vancity**



# A clear message in action

TV Spot 1

TV Spot 2

Environmental Issues

General

# The three qualities of a clear, strong strategy

- Focus
- Divergence
- A compelling tagline



Keep in touch (and some free  
stuff)

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[www.filene.org/free/vegasbab  
y](http://www.filene.org/free/vegasbaby)

# Parting Thought...



“Progress is the constant replacing of the best there is with something better still.”

- Edward A. Filene